From: Dugger, Terrence </O=CVS/OU=HQ/CN=RECIPIENTS/CN=TDUGGER>
To: Nicastro, Mark T.
Sent: 9/2/2010 9:29:56 AM
Subject: Indianapolis DEA Visit.doc
Attachments: Indianapolis DEA Visit.doc

This is what I have sent to Sean and ultimately Devlin. Sean asked that I have Millikan go over it to ensure nothing was missed. There is a conference call today at 2:00. I am taking a half day today, but wil be on the call.

Indianapolis DEA Visit.doc

PLAINTIFFS TRIAL EXHIBIT
P-10262_00001

CVS/pharmacy®

To: Frank Devlin

From: Terrence X. Dugger

Subj: DEA Visits (8/24-8/26, and 8/31-9/1 2010)

Results of the inspection

The DEA (Inspectors Madeline Kuzma and Elizabeth Stewart) was on site at the Indianapolis facility on Tuesday August 24, 2010 through Thursday August 26, 2010 and again on Tuesday August 31, 2010 and Wednesday September 1, 2010. The purpose of their visit was to conduct a full inspection. During their visits they inspected and audited eight controlled substances, observed our record keeping, asked for specific information and tested our security alarms on the CSA cages.

Requested Information:

- A list of corporate officers
- A list of the registrant numbers and addresses of all other DC's in the network
- The number of stores and states that the Indy DC serviced
- SOM SOP
- Vendor profiles (she was given McKesson, Mallinckrodt, and Greenstone)
- A copy of a received item (Hydrocodone 10/325, 700215)
- A copy of all receipts of Hydrocodone 10/325, 700215 from January 2010 through April 2010.
- A copy of an Audit Discrepancy Report
- A map of detectors and alarm points in the cages.
-

Controlled Substances:

Eight control substance items were selected for audit. The items chosen did not balance with the 601 report.

Recording keeping:

- The reconciliation process was explained as well as how the DC manifests its orders. They found issues with our record keeping. Specifically the dates listed on the 601 report and ARCOS and the dates listed on our records (Audit Discrepancy Report).
- They also had an issue with when the product was being reported as actually leaving the facility. Specifically the fact that product is still in the DC after the date it is reported as being shipped.
- Our Audit Discrepancy Report does not have product bottle sizes on it.
- She observed that items picked on Friday show on the 601 report as Saturday transactions.

- Receipt of item Hydrocodone 10/325 (700215) shows the Indy DC receiving it on 3/25, but the "purchase transaction" is not listed in ARCOS.
- She observed that the receipt of item Hydrocodone 10/325 (700215) shows the DC physically receiving it on 3/25, but it is in the system as a 3/26 receipt.
- It appears that outdated DEA registrant numbers are being used which causes a failure of receipts of product to get reported to ARCOS. Millikan contacted Dennis McGinity regarding this matter.

Alarm Test:

- A successful alarm test was performed. No issues were mentioned.

Comments:

Madeline made several comments during her visit.

- She would have to check with "higher ups" regarding the DC's claim that once an item is picked into a tote, it is considered shipped even though it has not physically left the facility.
- Suggested that CVS receive a "DEA Briefing". She mentioned it several times and thought it would be beneficial to understanding suspicious ordering.
- She stated that SOM will be a point of emphasis with the DEA going forward.
- The DEA expects registrants to know their customer and who they are buying from.
- The DEA needs to be "made aware" of orders that raise flags.
- She stated that the issue with the 106 report needs to be fixed the next time the DEA comes out.
- She stated that IT would need to address the issue of not being able to retroactively put a physical receipt date in the system.
- She stated that a letter of admonishment would be sent to Zenon Lankowsky.
- She stated that the DEA is not averse to going after registrant civilly if the items are not fixed.